

First-tier Tribunal (General Regulatory Chamber) Information Rights

Appeal Reference: EA/2018/0218

Heard at Wakefield Civil & Family Justice Centre On: 25 April 2019

Before KAREN BOOTH JUDGE

# ANNE CHAFER and JEAN NELSON TRIBUNAL MEMBERS

## Between

## THE COUNCIL OF THE BOROUGH OF KIRKLEES

**Appellant** 

and

THE INFORMATION COMMISSIONER

Respondent

and

MR IAN HUTCHINSON

Second Respondent

and

**REDROW HOMES LTD** 

Third Respondent

# **DECISION AND REASONS**

#### **DECISION**

In this Decision: the Appellant is referred to as "the Council", the First Respondent as "the Commissioner" and the Third Respondent as "Redrow"; the Environmental Information Regulations 2004 are referred to as the EIRs; the Freedom of Information Act 2000 is referred to as "FOIA"; and references to page numbers are to the numbered pages in the bundle of evidence that was produced for this appeal.

 The decision notice issued by the Respondent on 8 February 2018 (reference: FS50698949) is not in accordance with the law and the appeal is allowed in part.

The following decision notice is substituted in its place.

"(i) Regulation 12(5)(e) and (f) of the EIRs apply to the withheld information described as "category 1" information in column 5 of the table in the Annex to this Decision and the public interest in maintaining those exceptions outweighs the public interest in disclosing that information.

That information is not required to be made available to Mr Hutchinson.

(ii) Neither regulation 12(5)(e) nor (f) of the EIRs apply to: the withheld information described as "category 2" information or "category 3" information in column 5 of that table; or the other redacted information in the report that is not mentioned in the table (to which Redrow has stated that its arguments against disclosure do not apply).

That information must be made available to Mr Hutchinson within 35 days."

#### **REASONS**

#### Background to the appeal

- 2. This appeal relates to information contained in a survey report dated 4/7/16 (pages 77-183 referred to below as "the survey report") produced by a Chartered Surveyor/Registered Valuer acting for the Trustee of the Clayton Swimming Bath and Recreation Centre Charity. The Council is the sole trustee of the Charity. The report was commissioned for the purpose of advising the Charity as to whether an offer made by a prospective developer to purchase a "ransom strip" of land owned by the Charity was at "best value".
- 3. The ransom strip of land was part of a housing development site, being developed in 2 phases. At the time when the report was produced, the first phase of the development was complete, and the ransom strip of land was required by the developer in order to develop the second phase.

4. Mr Hutchinson and other local residents believed that the Council was selling the ransom strip too cheaply, to the detriment of the Charity. He is a Chartered Surveyor and had carried out his own calculations, which resulted in a significantly higher figure than the valuation figure calculated by the author of the survey report. He has been trying to obtain a copy of the survey report in order to check the basis for that valuation.

## Request 1

- 5. On 9 December 2016 Mr Hutchinson wrote to the council and requested information in the following terms ("request 1"):
  - "Copies of all correspondence, e-mails and documents exchanged between the Council and the Charities Commission, regarding the workings, operations, complaints etc. in connection with Clayton Swimming Bath and Recreation Centre Charity No. 523548 (a charity whose trustees are Kirklees Council, with responsibility for day to day management passed to Kirklees Council cabinet members), over the last six months."
- 6. The council responded by saying that in so far as it held information as a result of it being a corporate trustee of a charitable organisation, it did not hold this information for the purposes of FOIA. However, it disclosed the requested information, except the survey report, outside of FOIA. The Commissioner agreed that the information was not held by the Council for the purposes of FOIA. The Commissioner's decision was the subject of an appeal by Mr Hutchinson to the First-tier Tribunal ((appeal ref. EA/2017/0194). In a decision dated 29/1/18 (promulgated on 5/2/18), the Tribunal upheld his appeal, having decided that the Council held the requested information at all material times, and required the Council to respond to his request in accordance with FOIA within 35 days of the latter date (i.e. by 12/3/18).

#### Request 2

7. On 24/1/18 Mr Hutchinson sent a further request for information to the Council (page 6a – "request 2"). He asked for:

"Copies of all correspondence, e-mails and documents exchanged between all Council services and / or councillors and any other party, relating to the sale (or proposed sale) of a 'ransom strip' of land adjacent to the Redrow housing development site to which planning application ref 2013/93441 relates. This to include all correspondence, whether written by or on behalf of the council itself or on behalf of any charity for which the council are corporate trustee."

## Council's response

8. The Council complied with the Tribunal's decision regarding request 1 on 13/3/18 (page 7). The Council treated the request as a request for environmental information that was required to be dealt with under the EIRs. The Council provided Mr Hutchinson with a redacted copy of the survey report. The redacted information was withheld in reliance on regulations 12(5)(e) and (f) of the EIRs and the Council concluded that the public interest in maintaining the exceptions outweighed the public interest in disclosing the information.

- However, the Council agreed to provide the valuation figure for the ransom strip, as that information was already in the public domain.
- 9. Mr Hutchinson requested a review of the Council's decision to withhold the redacted information (page 12a) on the basis that its release was ordered by the Tribunal and that it was "...reasonable to assume that the Tribunal Judge expected the report to be provided in a format that was meaningful and readable ... ".

The Council's review decision is at page 12b. The reviewer upheld the refusal notice.

## The complaint to the Information Commissioner

- 10. On 22/5/18 Mr Hutchinson complained to the Commissioner about the decision to withhold the redacted information (page 12(e)).
- 11. The investigating officer wrote to Mr Hutchinson (page 12h) and the Council (page 12l), in both cases citing request 1 as the relevant request for information. The Council's response to the questions raised is at pages 12s-12v.

#### The Information Commissioner's decision

- 12. The Commissioner's decision notice dated 13/9/18 (reference FS50729956) is at page 13. She decided that the Council had breached the time limits in EIR regulation 5(2) and had failed to demonstrate that regulation 12(5)(e) or 12 (5)(f) were engaged. The Council was required to disclose the redacted information to Mr Hutchinson within 35 days.
- 13. As regards regulation 12(5)(e), the Commissioner accepted that the withheld information was commercial in nature and subject to confidentiality provided by law. However, she was not satisfied that disclosure would harm the legitimate economic interests of any person. She concluded, therefore, that the exemption was not engaged.
- 14. As regards regulation 12(5)(f), the Commissioner concluded that the Council had failed to demonstrate that disclosure would result in adverse effects to the interests of the information provider and that the exemption was not, therefore, engaged.
- 15. In view of these conclusions the Commissioner did not go on to consider the public interest test.

# The appeal to this Tribunal

Appeal grounds

16. The Council appealed to this Tribunal on 14/2/18. The grounds of appeal are set out on page 4 and can be summarised as follows.

Regulation 12(5)(e)

 The Commissioner erred in law by concluding that the confidentiality did not protect a legitimate interest. She applied too stringent a test for the

- Council to satisfy (that the disclosure would adversely affect the economic interests of the party to whom the confidentiality is owed the purchaser and developer of the land subject to the valuation report).
- The decision notice was perverse in the light of the evidence provided.
   The purchaser is in the process of developing the land for residential sales. The information includes build costs/margin calculations etc.
   Disclosure would self-evidently be averse to the developer's interests in bringing developed residential plots to market and be useful to competitors in submitting future bids for land.
- The Council's arguments are not generic but are directly related to the real situation.
- The decision notice unreasonably/perversely disregards the commercial realities of the situation and misapplied the balance of probabilities.

# Regulation 12(5)(f)

- The Commissioner erred in law in concluding that Council had failed to demonstrate that disclosure would adversely affect the interests of the provider of the information.
- 17. Mr Hutchinson was made a party to the appeal as Second Respondent and Redrow Homes Limited was made a party to the appeal as Third Respondent on 12/11/18 (page 24) and 7/12/18 (page 46) respectively.

## Responses/submissions

- 18. The Commissioner's Response to the appeal dated 14/11/18 is at pages 28-37.
- 19. Mr Hutchinson's Response is at pages 39-43.
- 20. Redrow's Response dated 9/1/19 is at pages 49-55 and their associated witness statement is at pages 56-60.
- 21. The parties made the following further submissions:
  - Mr Hutchinson submission dated 6/2/19 (pages 61-63);
  - Commissioner submission dated 25/2/19 (pages 64-68);
  - Council submission dated 13/3/19 (pages 69-73);
  - Redrow submission dated 14/3/19 (pages 74-76).

By this stage, the Commissioner (on the basis of Redrow's submission and witness evidence) had conceded that both the regulation 12(5)(e) and (f) were engaged (paragraph 2, page 64). The Commissioner was stated to be neutral as regard the public interest test, but she provided some helpful pointers.

# The powers of the Tribunal

22. The task of the Tribunal is set out in section 58 of FOIA (which applies to the EIRs with modifications):

# 58 Determination of appeals

- (1) If on an appeal under section 57 the Tribunal considers—
- (a) that the notice against which the appeal is brought is not in accordance with the law, or
- (b) to the extent that the notice involved an exercise of discretion by the Commissioner, that he ought to have exercised his discretion differently,

the Tribunal shall allow the appeal or substitute such other notice as could have been served by the Commissioner; and in any other case the Tribunal shall dismiss the appeal.

(2) On such an appeal, the Tribunal may review any finding of fact on which the notice in question was based.

#### The issues we had to decide

- 23. The issues we had to decide were -
  - **Issue 1** Was the exception in regulation 12(5)(e) engaged in relation to the redacted information?
  - **Issue 2** Was the exception in regulation 12(5)(f) engaged in relation to the redacted information?
  - **Issue 3** If one or both of the exceptions *was* engaged in relation to all or some of the redacted information in all the circumstances of the case, did the public interest in maintaining the exemption outweigh the public interest in disclosing that information?

#### The evidence and the hearing

- 24. The evidence before us consisted of: the paper evidence in the appeal bundle; the "authorities" bundle (comprising 4 First-tier Tribunal decisions, none of which are binding authorities as explained in the case management directions dated 29/3/18); an unredacted copy of the survey report; the oral evidence of Mr Hutchinson and Ms Heeley; and one additional document that they produced at the hearing (a partial copy of a 2008 document entitled "Supplementary Planning Document 2 Affordable Housing" publicly available on the Council's website at <a href="https://www.kirklees.gov.uk/beta/planning-policy/pdf/Affordable housing SPD2.pdf">https://www.kirklees.gov.uk/beta/planning-policy/pdf/Affordable housing SPD2.pdf</a>).
- 25. The information redacted from the report consists solely of monetary figures and percentages. No narrative text has been redacted from the report. The redactions are on the following pages of the report only: pages 10-13 and 15-

- 16. Prior to the hearing, our understanding was that the redacted information fell into two categories:
- "Category 1 information": Consisting of the figures and percentages provided by Johnson Brook and Dacres Commercial ("JBD"), acting on behalf of Redrow, and Redrow's Quantity Surveyors.
- "Category 2 information": Consisting of all of the other redacted figures and percentages (i.e. the author's own calculations and estimates and the figures provided by Capita, acting on behalf of the Council).
- 26. An oral hearing was arranged at the request of the Council and all other parties. Very late in the day, however, the Council, the Commissioner and Redrow informed the Tribunal that they would not be attending and were content to rely on their written submissions.
- 27. Mr Hutchinson attended the hearing and was accompanied by Ms Heeley, who came to support him. We heard detailed evidence/submissions from Mr Hutchinson regarding: the background to the requests for information; his understanding of the surveyor's valuation approach and the model adopted; Redrow's submissions about the adverse effect that disclosure of the Category 1 information would cause to their business; and the public interest in disclosure of the redacted information. Ms Heeley, who is a Trustee of another local charity connected with the Charity that owned the ransom strip, also gave some helpful background information.

We were somewhat surprised to hear, however, that despite his vehement dismissal of Redrow's submissions (some of which he described as being "in the realms of fantasy"), he did not want or need the Category 1 information. He stressed on a number of occasions that the only information that he wanted to see was the Category 2 information.

- 28. Mr Hutchinson also pointed out that the redacted information in paragraphs 16.9.6 and 16.9.7 (affordable housing) of the Report, consisting of the £x per square foot rates applied to the house and flat types mentioned in those paragraphs (and the total square footage) of those properties emanates from (a) the (**unredacted**) information in paragraph 7.10 of the report and (ii) Appendix 1 of the publicly available Planning Document referred to in paragraph 24 above.
- 29. It became apparent, therefore, that there is a *third* category of redacted information; that is, information that is already in the public domain. That information is referred to below as the "category 3 information".

# Post hearing directions

After the hearing, we decided that it was necessary to seek clarification from Redrow as to which redacted information its arguments against disclosure applied. On 12/6/19 I issued case management directions in the following terms:

"1. We are finalising our Decision in this appeal and need to ensure that we have accurately identified the redacted information in pages 10-16 of the survey report dated 4/7/16 which is the subject of this appeal (pages 87-93 of

the bundle of evidence) to which Redrow Homes Limited's arguments against disclosure apply.

2. Sub-paragraphs 8a to d of Redrow's submission dated 9/1/19 make references to the methodology/calculations deployed by Redrow in relation to the provision of Affordable Housing, the issue of build costs and Redrow's approach to the valuation of land - but without specifying the redactions concerned.

Paragraphs 8, 9 and 11 of Mr Paul Oldridge's witness statement of the same date make specific references to the redactions in paragraphs 16.9.5, 16.9.6 to 16.9.9 and 16.10 of the survey report and non-specific references to information about "profit margins".

- 3. For the avoidance of doubt, Redrow Homes Limited is asked to specify, within 7 days, the redactions to which its arguments against disclosure apply, by completing column 4 of the attached table and returning it to the Tribunal.
- 4. In completing the table, Redrow should bear in mind that much of the redacted information consists of the surveyor's own calculations and estimates as well as figures provided by Capita (acting on behalf of the Council), whereas Redrow has objected to the disclosure of information "which was supplied in the strictest confidence" (page 52 of the bundle). Redrow should also bear in mind that the exceptions cited cannot apply to information that is in the public domain.

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Redrow responded within the requested timescale and provided the information requested.

#### Relevant law

30. The relevant parts of regulation 12 of the EIRs provide as follows.

### 12 Exceptions to the duty to disclose environmental information

- (1) Subject to paragraphs (2), (3) and (9), a public authority may refuse to disclose environmental information requested if—
  - (a) an exception to disclosure applies under paragraphs (4) or (5); and
  - (b) in all the circumstances of the case, the public interest in maintaining the exception outweighs the public interest in disclosing the information.

(2)	A public	authority	shall	apply	a presu	mption	in fa	vour	of c	disclosu	re.

	he purposes of paragraph (1)(a), a public authority may refuse to disclose to the extent that its disclosure would adversely affect—
(a)	
(e) con	the confidentiality of commercial or industrial information where such fidentiality is provided by law to protect a legitimate economic interest;
(f)	the interests of the person who provided the information where that person—
	(i) was not under, and could not have been put under, any legal obligation to supply it to that or any other public authority;
	(ii) did not supply it in circumstances such that that or any other public authority is entitled apart from these Regulations to disclose it; and
	(iii) has not consented to its disclosure; or
(g)	

# What we decided and why

**Issue 1** – (Was the exception in regulation 12(5)(e) engaged in relation to the redacted information?)

- 31. We noted that the Commissioner now accepts that this exception is engaged.
- 32. We decided that this exception was not engaged in relation to any of the Category 2 information, as none of the arguments put forward in support of that exception applied to it. It could not be engaged in relation to the category 3 information (information in the public domain).
- 33. The Council's refusal notice referred to prejudice to the third party which supplied the confidential commercial information. This was clearly a reference to Redrow (page 8). The Council went on to refer to its consideration of the "viability report from which the financial details and valuations were derived" and the confidentiality statement made by the author in that report (also page 8). We understood the viability report and the "development feasibility document" referred to in paragraph 8 of Redrow's submission (page 57) to be one and the same. That paragraph states that the viability/feasibility report was prepared by JBD on behalf of Redrow. In the appeal notice, the Council referred to information provided in confidence by the eventual purchaser of the land (i.e. Redrow) to the author of the survey report.

It is clear from this and from the submissions put forward by Redrow that the information that is considered to be covered by the exception is confined to the information provided by or on behalf of Redrow. The exception could only, therefore, be potentially engaged in relation to the Category 1 information.

34. The Category 1 information was clearly commercial information.

35. There was no evidence before us to suggest that the confidentiality of the information was protected by statute, but we concluded (on the balance of probabilities) that it would, in theory, be protected by the common law of confidence.

The evidence derives from Redrow's viability/feasibility report, which contains the confidentiality statement referred to above. We had not been provided with a copy of that report, but we assumed that it was submitted to the Council as part of the planning application for phase two of the development referred to above. The information has the necessary "quality of confidence". We accepted that it included the confidentiality statement referred to by the Council. The information is not trivial, and we accepted that it is not in the public domain. There was no evidence or submissions about standard practices in relation to the dissemination of such information. However, our general understanding is that the detailed contents of such reports are not normally made publicly available as part of the planning process. We considered that a reasonable person would regard the information as confidential.

36. The exception cannot be engaged unless it is shown, on the balance of probabilities, that the disclosure of the confidential information would adversely affect (or harm) a legitimate economic interest.

The assertions that disclosure of the information *would* cause harm to Redrow's economic interests are set out in paragraph 8 (pages 52 -54) of their submission dated 9/1/19 and in paragraphs 9-25 of the related witness statement (pages 57-60). We considered Mr Hutchinson's arguments to the contrary. The issue was by no means clear cut but, on balance, we preferred the Redrow evidence. Their assertions were detailed and, in the main, sufficiently credible. We considered that they were better placed than Mr Hutchinson to identify the harm that disclosure would cause to Redrow's economic interests.

- 37. In view of our conclusions above, it was clear that disclosure would adversely affect the confidentiality of the Category 1 information.
- 38. The exception was, therefore, engaged in relation to the Category 1 information.

**Issue 2** – (Was the exception in regulation 12(5)(f) engaged in relation to the redacted information?)

- 39. We noted that the Commissioner also now accepts that this exception is engaged.
- 40. For the same reasons as set out above, we also decided that this exception was not engaged in relation to any of the Category 2 or category 3 information.
- 41. As regards the Category 1 information, the provider of the information was clearly Redrow. It has not been argued (i) that Redrow was under, or could have been put under, any legal obligation to supply the information to the

- Council or any other public authority, or (ii) that Redrow had supplied it in circumstances such that the Council or any other public authority is entitled apart from the EIRs to disclose it. And Redrow has not consented to its disclosure.
- 42. As to whether disclosure would adversely affect (or harm) Redrow's interests, their assertions that disclosure of the information would cause harm to Redrow's economic interests clearly also sufficed for the purposes of this exception.
- 43. This exception was also, therefore, engaged in relation to the Category 1 information.
- **Issue 3** (in all the circumstances of the case, did the public interest in maintaining the exemptions outweigh the public interest in disclosing that information?)
- 44. Again, this issue is only relevant to the Category 1 information.
- 45. Regulation 12(2) provides that a public authority shall apply a presumption in favour of disclosure.
- 46. The public interest test needs to be applied at the time when the request was made; in this case, 9/12/16.
- 47. The Commissioner has said that she remains neutral about the public interest points. However, with a view to assisting the Tribunal, she set out (at page 67) some principles derived from two First-tier Tribunal decisions. Although we were not bound by those decisions, we accepted that those principles were legal correct.
- 48. The Council's public interest test arguments are set out at page 73. Redrow's arguments are set out on page 75-76.
- 49. Mr Hutchinson informed us at the hearing that he has no interest in receiving the Category 1 information. It must follow from this that he considers that his concerns about the possible underselling of Council land can be advanced by receiving the Category 2 information only.
- 50. There is clearly a strong public interest in knowing whether Council owned land is being sold for the best possible price. However, it is not clear what the disclosure of the Category 1 information could contribute to that issue. The author of the survey report was tasked with providing an independent valuation of the land in question. In doing so, he considered the feasibility report provided on behalf of Redrow and the valuation review provided for the Council by Capita. He accepted some of those figures and rejected others. He then came up with his own calculations from which he arrived at the market value for the ransom strip. Mr Hutchinson has made it clear that it is *those* calculations that he wishes to analyse.
- 51. There are strong generic public interest test arguments against the disclosure of information that would adversely affect (i) the confidentiality of commercial

- information and (ii) the interests of a person who has voluntarily provided information to a public authority and has not consented to its disclosure.
- 52. Considered alongside the lack of any clear public interest in the disclosure of Category 1 information for the purpose described, the submissions made by Redrow about the harm that would result from disclosure were sufficiently strong, in our judgement, to conclude that the public interest in maintaining the exemptions outweighed the public interest in disclosure.

## The relevant request for information

53. Although the Commissioner's decision referred to request 2, we were satisfied that the request to which the complaint related was request 1. We noted what the Council said in paragraph 10 of the submission at 30 (i.e. that the Council's refusal notice has been taken by all parties to constitute a response to request 1 and request 2), but that was not apparent from the evidence before us. However, Mr Hutchinson confirmed at the hearing that the only information outstanding was the information contained in the redacted parts of the survey report.

#### Conclusion

54. For the reasons set out above, we concluded that the Commissioner's decision notice was not in accordance with the law and that the information described in column 5 of the table below as "category 2" information or "category 3" information, as well as the other redacted information in the report that is not mentioned in the table (to which Redrow has stated that its arguments against disclosure do not apply), must be made available to Mr Hutchinson.

Signed: Karen Booth

Judge of the First-tier Tribunal

Date: 18 July 2019

# **TABLE**

Survey report pg. no.	Para. number	Info. to which Redrow's arguments against	Description of information	Information category (1, 2 or 3)
		disclosure apply		
		(* see below)		
10	16.8	R1	Summary of residual valuation model Developer's profit (% of CDV)	R1 – category 2 (see para. 16.12.7 below)
		R3	Affordable housing	R3 – category 3
		R4		R4 – category 3 (figure results from adding value of private housing
		R5	Build costs	(redaction not sought by Redrow) to value of affordable housing).
			Developer's profit	R5 – category 2
		R10	Residual land value	R9 – category 2 R10 – category 2
	1		Completed Development	
	16.9.5	R	value Development feasibility – values based on rate of £x ft.	category 1
11	16.9.6			R3 to R9 – category 3
		R4	house type Resulting calculation	
		R5	Rate of £x applied to Newby ground floor & 1st floor	
			flat	
		R7	Resulting calculation 1	
		R8	Resulting calculation 2	
			Rate of £x applied to Stour house type	
			Resulting calculation	
			Value of affordable housing — intermediate dwellings	

	16.9.7	R1	Rate of £x applied to Newby unit type	R1 to R4 – category 3
		R2 R3	Resulting calculation	
		R4	Rate of £x applied to Stour house type	
			Resulting calculation 2	
	16.9.8	R	Gross income from affordable housing - £x	category 3 (mathematical calculation from info. in paragraphs 16.96 and
			Housing - LX	16.97).
	16.9.9	R	Total gross income - £x	category 3 (mathematical calculation from total of the private housing values in 16.8 (redaction not sought by Redrow) and the information given in paragraphs 16.96 and 16.97).
	16.10.1	R1	<b>Build costs</b> Information provided by JBD for Redrow	R1 – category 1
		R2		R2 – category 2
	16.10.2	R1	Rate applied (£x ft sq.) by surveyor	R1 and R2 – category 2
		R2	Surveyor's calculation of basic build costs	
	16.10.3	R	Cost of site works - information provided by Redrow's quantity surveyor	category 1
	16.10.6	R	Ground works  costs – information provided  on behalf of Redrow	category 1
	16.10.7	R1	£x deducted for provision of services – Redrow information	R1 - category 1
		R2	£x added by Surveyor	R2 – category 2
	16.10.10	R	£x build costs as rounded up by Surveyor	Č i
	16.10.12	R	£x Surveyor's assessment of total build costs – same figure as in 16.10.10	category 2 info.
12	16.12.6	R1	<b>Fees</b> £x developer's profit as calculated by JBD	R1 – category 1
		R2		R2 – category 2

			£x developer's profit as calculated by Capita when reviewing feasibility report	
	16.12.7	R1		R1 – category 2
		R2		R2 – category 2
	17.1	R	Residual land value Residual land value (determined by deducting all costs assoc. with delivering project from CDV = £x	category 2
	18.1	R1	Value of ransom land £x (same figure as in 17.1)	R1 - category 2
		R2	Equates to £x per acre	R2 – category 2
13	18.13	R	Consideration of £1,300,000 equates to approx. x% of land value	category 2
15	22.10	R	Conclusion  Market value of development land - £x (same figure as in 17.1 and 18.1)	category 2
16	22.13	R	Same info. as in 18.13 – x%	category 2

<sup>\*</sup> NB: There is additional (redacted) category 1 information within the Report to which Redrow has stated that its arguments against disclosure do not apply.